What Next for Japan's Cities? How One Looks at the Future? : Some Problems and Possibilities

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WHAT NEXT FOR JAPAN'S CITIES? HOW ONE LOOKS AT THE FUTURE?: SOME PROBLEMS AND POSSIBILITIES.

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This paper highlights some of the less known and discussed issues which have emerged in the post-industrial urban situation of Japan. New expectations are discussed along with an underlining of their trends and challenges.

The important question in Japan's post-industrial situation is, whether there should be the continued emphasis on economic market oriented development or there should be a shift in favor of welfare oriented development.

New urban life-styles have heightened the demand for personal freedom and safety. At the same time, most social and psychological disorders that we see in cities may have important roots in the levels of inward satisfaction one gets through work, living and interacting with the community. The aspect of inward satisfaction, in some ways if not all, is related to inequality or equity issues in society.

Keywords: DIRECTION OF DEVELOPMENT, WELFARE ORIENTED DEVELOPMENT, AGED SOCIETY, EQUITY & LIVING CONDITION.

1. Introduction

A small heading in the newspaper attracted my attention the other day, it said, cyberspace is rapidly swallowing up Japan. Throughout August 1995 over 100 organizations will be exhibiting their technological marvels of networking in Tokyo under the auspises of "Networkers Japan '95". Explosion of networking systems, especially in cities, thanks to the satellite and computor technology, are restructuring cities in terms of time and distance. Such changes significantly affect people's lifestyle, work, movement, liesure time, and even social relationships. This is a part of the technological revolution which is reshaping the cities' functions world over and creating new opportunities and challenges for them as well.

But, cities are also the places which are most affected by the general economic, social and political conditions of the country they are in. To understand better the present condition of the Japanese cities, therefore, it is necessary to look back at least over the last two decades. When one does, one may find two marked stages of change.

During the 1970s and 1980s, superb economic achievements made Japan a model for both developed and developing countries. However, the average Japanese worker worked longer hours and availed the least vacation time when compared to many developed nations. Crammed into smaller houses and extremely crowded commuter trains, they sacrificed their personal comforts for country's economic progress. The toil and sacrifice had already paid richly by the early-80s. People with their quick economic affluence were

only vaguely aware of any serious problems that existed in cities. Most people enjoyed their work and individual lifestyle, and not in the least apprehensive of larger problems, a trend, which though shaken, still continues with many families even today.

The dramatic changes in the Japanese society during the last five years marked a turning point for the future and it is no wonder that many people feel bewildered. The first was the burst of the 'bubble economy' in 1990-1991 which has shaken the economy pinning it in a stagnation which is the worst since the oil crisis of the 1970s. Real-estate prices crashed making many business houses bankrupt and bringing uncertainty to the market. Along with it these also came the debilitating Hanshin earthquake, an upsurging of social ills endangering public safety, an unstable political situation, and an erosion of faith in bureaucratic authority. All these events have largely shaken the confidence that the Japanese developed during the boom period.

At the same time, '*yen daka*', the high appreciation in yen value, since the beginning of 1995, which made many Japanese feel richer when travelling abroad, did not bring them any benefit in the domestic market and day to day life. It is natural for the Japanese to get bewildered and disoriented about the future when they realize that their long period of hard work and sacrifice, which put the country's economy at the top has not led to conditions which would ensure them desirable living conditions and higher levels of fulfillment: much less to look to the future with hope. No doubt there is a pervading sense of unease among the Japanese regarding the immediate future and a vague sense that there is something fundamentally wrong with modern Japanese values and the way development is taking place.

The above very briefly touches upon the background on which Japanese look to the future of their cities. Cities being almost borderless in their economy so that functional relationships cannot be divorced from the effect of the macro situation as it develops in Japan. It is in this context, the following attempts to discuss the changing perceptions about Japanese cities highlights some of the less known structural changes that the cities are experiencing.

Human history tells us that no specific trait, condition or even value can be considered as static or non-changing. Such a realization is most vividly perceived in cities throughout the world, while entropy, as pointed earlier, is also in action more vigorously. We know that throughout history that cities have been the places for commerce, industry and living, and also for the growth of human knowledge, culture and civilization. Their role continues to be so and especially so in the context of developed post-industrial countries like Japan.

The last half century, however, brought changes to cities which are more profound than ever before. It is the mix of priorities and the desirable balance between the different functions of cities which have attracted the attention of urban analysts for study through the ages. The contemporary city, particularly in a post-industrial situation, presents an ever expanding basket of complex functions. Changes are so dynamic that predictions for a long-term desirable future may not be very meaningful. Nonetheless, there should no dissenting opinions that the basic objectives of development, such as creating opportunity for all types of productive work and ensuring a desirable standard of living for the majority, are set as goals at all stages with means devised to achieve them.

2. General Perceptions About Cities

For some, cities are places of economic opportunity, business, and the generation of wealth. Economies of scale through agglomerations and concentrations are the driving factors, while internationalization and global networking of financial and information services are the fuel. For these people the economic functions of cities dominate and take priority over all other functions, hence, the efficiency of cities should largely be measured by the levels of their economic productivity and contribution to the national GDP. Physical, social and cultural needs which measure the comfortablity of the place to live in should be of secondary importance. In a similar tone, cities should be the places where seeds are laid for a better tomorrow, and for the sake of posterity is also not considered necessary. The implied assumption, perhaps, is that higher productivity and higher income ultimately and consequentially bring improvement in the conditions of living, growth of knowledge, culture etc. It is also assumed that the benefits of economic growth are shared equitably by all sections of the community.

On the other hand, for those who consider cities not just as places for the agglomeration of people for economic gains, but also as places which should provide services and functions that are necessary for civilization to thrive and grow, believe that cities do also have great societal responsibilities particularly in helping to create a better tomorrow. Economic gains should be equitably shared in the best way possible and the urban development process should enhance cooperation, public safety and opportunities for social and cultural development. The implied assumption is that concerted and planned efforts are needed for social and cultural development which cannot automatically result from economic growth, and that low levels of social and cultural development with persistent social conflicts, in turn, retard the attainment of higher levels of economic prosperity.

These two lines of thinking have dominated the thoughts of most urban and social analysts throughout history. Cultural scientists have always tried to shape in their minds a vision or image about what may be called the **'ideal place'**. Today also, the search is on to find more acceptable definitions and percepts for the 'ideal place' in a given country or context. Historically, there have always been efforts to shape an image which may symbolize the **'good city'**. Hall (1988) and Rodwin (1991) succinctly describe alternative visions of the 'good city' that developed in the western world for almost a century, from 1880 to 1987.

The difficulty is that most visionaries' ideas and languages are not easy to interpret. One, however, finds a common undercurrent in the thinking of all such visionary ideas. There is a clear emphasis on the human aspect; aspects of human creativity and sustainability involving the creation of future oriented and dynamically changing urban communities, which are imbibed with new societal links and values. The visionary ideas, no doubt, also converge on the thought that cities should show the path for future development.

This paper does not, however, aim at evolving the percepts for an 'ideal city' in Japan, nor does it by to review past theoretical concepts in context. The paper simply analyzes some selected new challenges being faced by the contemporary Japanese city. It

underlines the necessity to review the present structure of such cities and the creation of new types of city reorganization in the future. The future of the contemporary city, it is said, is largely tied with the future of global market forces, but, at the samre time, it is also equally tied to the way the urban demographics of such cities with change in future, and the way people will seek their self-image and satisfaction in life.

In the past Japanese cities have suffered from many serious natural disasters; earthquakes, floods, volcanic activities etc. The 1923 Great Kantō earthquake which struck Tokyo and its nearby areas was devastating for the city. In the post-war period Japanese cities have constantly responded to national and global changes, and have fairly successfully reorganized their physical and economic structures. But, the period of the 'bubble economy' during the later half of the 1980s and its subsequent burst in 1991-1992 brought new economic challenges for the cities. More recently the great Hanshin earthquake (17 January, 1995) and the preplanned deadly gas attacks for mass killing in Tokyo and elsewhere have also made the cities vulnerable to public safety dangers.

While the challenge of natural disasters calls for higher levels of preparedness, dependable construction techniques and better management, the incidences of preplanned attacks for mass killing are not just a law and order issue, because it is also a dangerous and deep rooted social challenge. Both these challenges act as a pointer toward the need for better understanding about the changing urban society and evolving community- based development strategies for cities.

Creation of new urban communities has been a continuous process in Japanese cities with the advent of new residential areas including the '*danchis*', suburban towns, company towns etc. This situation has led to wide spatial seggregation of urban communities and some think in a way it has distorted the functioning of the traditional system of urban communities in Japan. Efforts to create and consolidate urban communities which take into account the changing social and psychological dimensions in cities, and foster new societal links and values among individuals and groups of people have not yet been taken seriously.

In reference to the above the following discusses some selected macro changes which influence the cities significantly. Temporal characteristics of cities such as physical expansion, population growth, pattern of development, infrastructure etc., per se, are not intended for discussion here.

3. Some Aspects of Business Restructuring During the 1990s and their Impact on Cities

As an aftermath of the burst of the 'bubble economy' in 1991-1992 Japan fell into the deepest economic recession in since the oil crisis. This and the subsequent high appreciation of the yen brought about a significant restructuring of businesses especially in large manufacturing companies. In its wake the overall employment situation, and the wages and earnings of employees have been adversely affected. The significant shift of production bases overseas in search of cheap labour and low operational costs has also in a way affected the general employment situation. The impact of these developments are squarely felt in the cities.

In order to offset the high cost of production in Japan in the face of the declining exports, companies have tried to contain their labour costs by limiting employment. A falling workforce in the manufacturing, agriculture and forestry sectors limited the overall increase in employment to only 0.2 percent in 1993 (OECD, 1994). The same report states that along with the fall in increased of employment, after 1990 overtime hours also sharply declined (by 38.9%) to reach only 144 hours by 1993. In the same year, following the new law, standard working hours dropped below 1,800 hours. for the first time. The companies reduced mid-career recruitment, cut recruitment of new graduates and reassigned staff to their subsidiaries, especially in the service sector where employment continued to rise. Most companies consider they have excess workers in which the traditional 'lifetime' employment system has contributed to the condition, especially for older white collar employees.

These trends adversely affected the overall employment position even though the construction and public utilities sectors have been registering a steady, though small, increase in employment since 1991. Consequently the unemployment rate has steadly increased since 1991 crossing above 3% in the first half of 1995, while the increase in the job offers/ seekers ratio has been well below 1% since 1993. Lifetime employment and annual seniority rises which have been the base of the post-war Japanese economy are no longer the case. The highest proportion eves of college and high school graduates are now unable to find jobs since the income doubling period. Some say that since other jobs are not available more and more graduates are offering to enter the military, a trend which is almost reverse of the 1980s.

For women the situation is ever worse, in July 1995 a Recruit National Survey showed that for every 100 women job seekers only 45 jobs were available in the country. Layoffs are ominous. Many 50-year-olds and over fear that after a lifetime of sacrifice, they may face '*kubi kiri*' on employment.

In addition to limiting employment companies also took measures to contain costs per worker by depressing wage increases. In spring 1993 the wage increase was 3.9% and it was further reduced to 3.1% in the first half of 1994. Overtime and bonus payments also decreased sharply from the 1990 level (OECD, 1994)

In addition to containing domestic costs companies quickened the international diversification of their production sites. MITI's 1994 Survey showed a rise of 56% over 1993 in manufacturing investments outside Japan in Asia.

The above mentioned, post-1991-1992 economic situation relating to employment, wages etc. may be manifestations of a short transitional phase in the Japanese economy and are in no way alarming.

With the recent high appreciation of the yen a record number of Japanese have taken trips abroad in the first half of 1995. In the similar vein a record number of foreign luxury cars have been bought by the Japanese. Urban entertainment is more individualized, which has boosted *pachinko* business (a form of pinball gambling in which participants exchange prizes at secret booths near the parlour, through illegal), a popular pastime in recent years. According to the Research Institute of the Long Term Credit Bank of Japan, as reported in *Look Japan* (August 1995), a record high turnover of 18 trillion (7% of all consumer spending) was reached by the *pachinko* business, and many enthusiastic players

spend about ¥10,000 each time they play, while the majority in the LasVegas gambling centre use 25 cents slot machines. Expenditures on eating-out has also increased to about a fifth of average household expenses. These facts surely do not paint any alarm in the minds of the Japanese regarding day to day life.

The rate of increase in consumer spending has decreased recently, and the sales volume of large consumer outlets, especially in the department stores, has decreased significantly also. This, however, may be interpreted as the result of conditions where most households are relatively satistied with their material needs, hence they do not buy durable goods as before. The drop in the volume of sales does not necessarily indicates a fall in household purchasing power.

Following from the above discussion it can be observed that there is no doubt that considerable changes in the employment structure are taking place and there is a sense of uncertainty in the job market for the future. At the same time consumer spending patterns have also changed considerably creating new demands for urban services and facilities.

4. The Changing Pattern of Urban Entertainment

Along with the changes in the structure of business houses, employment generation etc. dramatic changes in the means and ways of entertainment in cities have occurred. With the shortening of work hours, reduction of overtime etc. entertainment, out-door recreation, and the of liesure time are in recent years becoming increasingly important components of urban life in Japan. More and more urban households are on the look out for new avenues for such activities.

Interestingly, many studies have observed that in a considerable number of ways housing conditions influence the means and pattern of entertainment for Japanese urban dwellers. Amongst the various forms of entertainment, *karaoke*, *pachinko*, bi-cycle racing, boat racing and horse racing are the most popular. While the latter three are run by the government, the former two are amongst the most flourishing private businesses recently. As mentioned earlier, spending on *pachinko* accounts for as high as 7% of all consumer spending in Japan (*Look Japan,* Aug. '95) and it is largely because entertainment in cities is becoming more individualized. Despite the poor environment inside the parlours more and more people are attracted to this form of entertainment, and, it is said, those living on pension benefits frequent these parlours. Interestingly though this form of entertainment is still not recognized as private gambling so the payment of winning-money has to be done clandestinely.

Karaoke is a more sophisticated form of entertainment in which indivuduals, groups, families, and couples can all participate and enjoy. Inspite of the fact that most Japanese urban families posses gadgets for *karaoke*, many families, made up of all the members including at times elderly and children, visit *karaoke* houses. Some researchers attribute these family visits to *karaoke* houses to the small size of housing in Japanese cities. In recent years, it is common to find in cities a fast growth of *karaoke* cubicles, which from outside look like small transport containers, mainly used by lovers, couples etc.

Recently eating out is considered as the top liesure activity in Japan, according to the Long Term Credit Bank of Japan. It is said that "as more women go for work outside home, age at marriage rises, the number of single person family increase fast and traditional society crumble, people eat out more often. What is even more telling is the shift from eating in restaurants to buying food in boxes from convenience stores. Individuals go to these stores to buy their groceries and eat their meals alone while playing computor games or watching videos. It is a morbid habit." (*Look Japan*, Aug. '95) Of the family budget nearly 20% is spent on eating out.

The *Japan Review Report* by the OECD (1994) presents some interesting facts regarding spending by Japanese families outside the home as seen in the following table.

Comparative Consumption Patterns
($ per capita at 1990 purchasing power parities)

	Japan	USA	EU
Household-related spending	1140	1504	1138
Utilities	277	575	272
Home furnishings	79	266	255
Textiles & Repairs	93	82	95
Household appliances	118	133	101
TVs, VCRs, CDs, cameras	217	123	86
Others goods & services	356	325	329
Spending outside the home			
Long distance travel			
coach & rail	264	11	125
air & sea	122	79	59
cinemas, stadiums, museums	297	79	58

The OECD observes that the structure of consumption is influenced by the high cost of housing. Since the housing area per person in Japan is low, expenditure on items which are complementary to housing such as floor coverings, furniture, heating, lighting etc. is relatively low by international standards. On the other hand, spending on some items which are substitutes for consumption of housing or housing related products is relatively high in Japan. From this analysis one may observe that over 43% of all spendings by Japanese outside home is spent on entertainments such as visiting cinemas, stadiums and museums.

5. The Changing Demographic structure

In the post-industrial stage Japanese cities face a number difficult challenges, but a more fundamental long-term challenge is demographic, the issues of which are directly linked to everyone's life.

Some of the demographic changes are alarming and their far reaching consequences are perhaps not well understood by many. Among these the most noteworthy are low rate of population growth and the fast aging of society. Japan's demography has entered a very

low rate of population growth. Ministry of Welfare's data, as reported in *International Herald Tribune* (Aug. 1995), shows that Japan had very low rate in population growth for several years now, and the record of only 0.27 per 1000 persons for the year ending March 1995. Practically no population growth and a fast aging society are the two major changes which have a wide ranging economic, social and also physical impact on the cities. Family structure has changed very significantly since the mid-1980s. Late marriages, a sharp increase in single households and elderly persons households, nuclear families with only one child etc. have become common in cities.

Let us now look in more detail at the problems related to low population increase and a fast aging society, and highlight some of its consequences. The government estimates show that by 2000, in another four and a half years from now, the number of youngsters aged 10 to 19 will fall by more than 25% from the 1990 level, and in contrast, the number of people over 60 will have increased by 35% to reach about 40 million, as may be seen in the following table (*Yomiyuri Almanac* 1995)

As seen in the following table, extracted from the *Yomiyuri Almanac*, the major consequence is the estimated sharp fall in the numbers of the main working age group (20 to 64) beyond 1995. This situation has a number of repurcussions which are to some extent already visible. **One**, the dwindling of the workforce forcing a dependance on robotics and immigrant labour. **Two**, a shift of jobs which are hazardous, require hard manual labour, and considered a social taboo or undesirable by the Japanese to cheap and easily available foreign labour sources, thus widening the perceptual gap between higher level and menial jobs. The perceptual gap in turn may lead the Japanese to consider foreign labour as of a lower social class. **Three**, increasing adjustment problems for Japanese society with the growing number of foreign residents.

At the family level, the household which consists of one child and two working parents has its own intrinsic problems of adjustment to work and living, and also ensuring the healthy psycho-social growth of the child. We have known of the problem of '*kagikko*' in the urban families of Japan for a long time.

Population aged 65 and more In Japan-

(number in million)

Year	Popn. Total	(Age) 20-64		65-74		75&more	
	no.	no.	%	no.	%	no	%
1991	121.04	76.65	61.8	9.34	7.5	6.24	5.0
1995	125.46	78.59	62.6	11.08	8.8	7.14	5.7
2000	127.38	78.88	61.9	12.96	10.2	8.74	6.9
2020	128.34	68.41	53.3	16.69	13.0	16.05	12.5

(Data for 1995 and beyond are estimated)

Researchers estimate a gloomy demographic picture by the year 2020, by which time, it is said, the young supporting population (20 to 64) would have dropped to below 70 million with people aged 65 or older nearing the 33 million mark (Takeuchi, 1995). Here are discussed some major consequences of the fast aging society.

The first impact is on the family, a social impact. The projected birthrate for Tokyo in 2020 is 0.11 per 1000. It is visualized that "the number of married couples, each of whom were single children of their parents, would increase. When these couples reach the age of 50, they will have four older parents (parents of the husband and wife) to care for but, with only one child. So the three, (the child and the 50 year old parents) will have to constantly take care of four old relatives. No one will be able to work in such a world" (Takeuchi, 1995).

The Government of Japan's Official Council on the Health for the Aged, an advisory panel to the health and welfare minister, in its 26 July, 1995, report states, "In Japan today, the period for the care of the elderly tends to be long and the toils required are getting more and more weighty, thus putting a heavy burden on family members, both mentally and physically. As a result human relationships in the families are damaged, sometimes leading to the neglect or abuse of the elderly by family members."

According to a survey conducted by Rengo, as reported in the *Ashai Evening News* (Aug. 1995) some 30% of nationwide respondents said they had felt hatred toward their aged family members whom they were taking care of and nearly 50% had actually abused the elders. The newspaper editorial also states that, besides the problems of negligence and abuse of the elderly at homes, many elderly people in actuality are "bound" or "confined" or "made quiet with drugs" or "made bed-ridden" at hospitals.

Long protracted care demands more and more on the time and money of the younger members in the family. The third generation, invariably, does not like to take responsibilities for the care of the elderly which also is true with many working members who simply cannot cope physically with the responsibilities for a long period of time. Such situations are bound to result in family disharmony and strained human relationships.

Lack of adequate space in a house can also often create difficulties. The Rengo survey shows that in majority of the cases inadequacy of housing space is a deterrent to elderly care, and the problem is acute in common *'danchis'* where even the movement of the elderly is a problem. For example, the Tokyo Metropolitan Government (1994) reports that in the Tokyo Metropolitan area the average dwelling size is only 60sq.m, and the plan for 2000 proposes to increase it to 70sq.m. This space which ever way one sees it is inadequate for accommodating elderly people within an average family. Further, recent changes in lifestyle have brought western furniture into the house, further reducing flexibility in the use of space which for long has been the advantage in traditional Japanese housing.

The Kyoto City Office (1993) reporting on the housing conditions of Kyoto city, states that the traditional type of housing still dominates, as high as 11.4% of the dwellings with households of four persons had an area less than 50 sq.m in 1988, while 62.4% of the dwellings did not meet the urban residential recommended housing standard of 91 sq.m. Both the city's latest plan documents do not, ironically, emphasize the problems of elderly care and housing as major and pressing problem. The Kyoto Future Plan under the

principal policies and projects, however, only mentions the creation of welfare centres for the elderly, and the enhancement of measures against senile dementia and elderly health care in a special plan.

Lack of avenues for elderly people's recreation in cities is another problem. In recent years new institutions such as clubs, discussion groups etc. for the elderly have been developed in cities, but, those are a few only. No decisive coordinated policy or plan for this is yet available.

The second impact is economic. Because of better health conditions a considerable proportion of the people above 65 and upto the age of 70 or 75 will be able to work effectively and perhaps gainfully. But, present retirement practices do not provide employment to people beyond the age of 65 in most cases. In banks people aged 50 and above are not even encouraged to continue, and if they do continue their salaries are significantly reduced. Added to this, some economists say that older people are less innovative and entrepreneural than younger ones. At the same time, elderly people need more and a higher level of health care, the cost is high and it is rising fast. Surely elderly people cannot bear even the insurance cost to cover all expenses from out of their pensions or meagre savings.

Hence, from the employment point of view, we find three types of impact; **one**, the young labour force will be inadequate in number; **two**, even though a considerable proportion of people above 65 could work they may not get work, and in no case could fill up the inadequacy in the younger labour force; **and third**, at the same time the expanding number of elderly people would bring a heavy financial burden on the government for providing them with health care and other support facilities etc.

The current Government Official Council on the Health for the Aged in its 26 July, 1995, report has very strongly recommended that the cost of health care and the responsibility of taking care of the aged should largely be a burden on the society, and the government should bear most of the expenses involved. This recommendation, if accepted by the government, would go a long way to reduce the present burden on young families.

The General Research Institute of the Long Term Credit Bank of Japan (*Look Japan*, Aug. 19995) estimates that by 2020 pensions, social insurance costs, and medical expenses would make up a staggering 23% of GNP, with the tax burden on workers reaching nearly 50%, an impossible level to bear. This high cost, anyway, has to be met by someone. Since the Council on Health for the Aged recommends that the society should bear the cost, the government has to find new resources for it. The care for the elderly, is an important and moral task for the society which, from the family and societal points of view and also considering the large and growing number of the elderly, cannot be sidetracked any longer.

The Council also recommends an updated **New Gold Plan**, further strengthening the official ten year New Gold Plan launched in 1990 to promote social services for the elderly. Following the similar successful experience of Denmark, the Council recommends the introduction of an 'around-the-clock home care support system' so that senior citizens can continue to remain at home comfortably with care but without family support. To support this system, which ultimately saves money for society, the Council suggested the setting up of a publicly subsidized social insurance system.

There are, however, a number of questions which need to be solved. Who pays the insurance premiums, the family or individual, and at what time; what will be amount; who should be the insurer; should the scheme include younger people who also need health care; should families who look after their elderly be compensated, etc.

More than ensuring the funds for health care for the aged, other important tasks are where the elderly are to be given nursing care; within family or in general hospitals/ nursing homes or in special institutions created for the purpose. It is reasonable to ensure that the social insurance premiums, which people will pay in the hope of being able to live at home and at ease when they eventually need nursing care, should never end up being used for 'confinement' places in hospitals. It is natural that such 'confinement places' for the aged in hospitals, as currently seen in some cases in Japan, are considered most undesirable. The problem must not be viewed just as an economic one, it is equally, if not more, a social and humane one. Recently one finds free expressions of opinion in the media corroborating the point. For example, the *Asahi Evening News* (August, 1995) as a policy opinion, has emphatically underlined the view that the funds must not be used to create facilities within the hospitals for confinement of the aged.

The issue of the elderly is a many faceted challenge. While Japan tops world league tables with the highest longivity in the world as an indicator of progress, it also faces the serious problem of societal adjustments and meeting the fast rising cost of health care for the aged. This problem basically has three facets; **one**, to effectively use the productive work that a part of the elderly people can contribute; **second**, effective provision of health care for the elderly; **and third**, preparing psychologically the communities and families to accept the presence of the elderly in the society with the sense of responsibility and respect. Solutions are not at all easy to find, nonetheless, those must be found and found quickly.

6. Urban Housing, Condition and Prospects for Better Living Conditions

The Japanese economy is a mixed system where production is led by the principles of capitalism, while the distribution of means and opportunities for development are largely influenced by egalitarian principles. This condition has resulted in a well balanced allocation of resources between the private and public sectors. Despite increasing confidence in the free market economy and in the way the Japanese economy performs, many reservations persist when the soundness of the economy is viewed in the context of improving the living conditions of the people to a desirable standard. On this front the performance through the last decade has been far from normal expectations.

During the bubble economy there was a sharp rise in Japanese investment in real-estate abroad, especially in the USA, and much of this investment was due to domestic land prices hitting the ceiling which made domestic investment unprofitable. Property investors' flight abroad in search of higher profits was at the cost of the majority of the Japanese who cannot even buy a reasonable house to live in large cities with their life time earnings. To make the situation worse, the strides made at improving general housing conditions in Japan have been far slower than that one finds in other sectors of the economy. Both in terms of space and facility-wise the common Japanese dwelling

remains significantly inferior to that in Europe and the USA. While some improvements were seen in the 'owner-occupier' housing category in large cities, practically no improvement in the condition of rental housing was seen, in fact their condition worsened during the period.

On the other hand, due to very high land prices in large cities which depressed the affordability levels of many to own a decent house or apartment, rental housing and refuge in company housing is fast increasing in recent years. The picture of housing conditions becomes more depressing when viewed against the increasing expectations of people for better living conditions with the growing affluence and change in perceptions toward the style of living.

In this context it is important to point out here that many working Japanese families due to nonavailability of suitable alternatives have, in a way, no option but to accept company housing. However, staying in company housing has had its demerits, and by far the important of these is the fact that staying near and close to the company work place forces the jobholders and their families to be constantly within a non-flexible social environment. Obviously, such situations drive the jobholders to be always obssessed with work and to spend most of the time with workmates at the cost of their families. The undesirable social and mental impact of such a type of living can be well imagined, and in reality there have been serious cases of mental illness with the jobholders at times even leading to suicide.

In looking at their not-so-good living environments, how can the people convince themselves that their economic affluence is meaningful, and the market economy is superior have the way it functions in Japan? The Economic Planning Agency White Paper of 1989 underlined the fact that despite their material afflunece, as high as 70% of the Japanese felt dissatisfied with their lives. Plainly, the high levels of dissatisfaction are due to long working hours, not so good housing conditions in large cities and the growing gap between the 'haves' and 'have nots'. Because of the high land price most feel the 'haves' are those who own more land than their requirements, and 'have nots' are those who own only very small piece of land or have no land at all. Though, psychologically, most Japanese feel that they belong to the 'middle class', in reality, at least from the point of being able to own a decent and reasonable house, this belief is crumbling.

The maladies related to housing and asset distribution is largely tied to how the land, especially urban land, is being managed, who owns it, what pushes land prices beyond the affordability of the majority, and how much of the high capital gains in land transactions held during the last decade is channeled toward the public good. New realities related to ownership, capital flow, and investment patterns in land and real-estate markets emerged during the decade which demand new policies to support as well as control land market operations.

Let us examine briefly the demand on urban land in the context of the three major metro regions. The three regions* net add nearly 0.5 million people annually. Taking 3.19 as the average household size, the additional population implies the arrival of 156,739 new

* Tokyo region- Tokyo, Chiba, Kanagawa and Saitama provinces, Osaka region - Osaka, Kyoto and Hyogo provinces, and Nagoya region - Aichi and Mie provinces.

households every year into these areas. Assuming a gross density of 31 dwellings per hectare nearly 5,056 ha. of land is needed for additional residential use every year to accommodate the new incoming families. Added to this is need for land to improve the existing housing stock and also to accommodate spatial breaks in the existing housing patterns. If you take the case of 23 Tokyo special ward districts, in 1988-89, nearly 0.5 million persons or 0.13 million households moved out to the periphery in search of better housing. To accommodate these families at least 2,600 ha. of land had to be provided every year.

This was the situation six years ago, since then demand would have increased further as the number of smaller or single person households must have increased considerably.

Several studies have emphasized that the quality of the private rental housing, both from the point of space and facilities, instead of improving actually deteriorated during the latter half of the 1980s in all the major metro regions. At the same time, following demand there has been a sharp increase in this type of housing indicating also a sharp decrease in the ability of people to own housing. The poor condition of housing becomes more vivid when we compare housing conditions with the target space standards set by the Japanese government. The Japan Housing Survey of 1988 showed 14% of all dwellings in the three metro regions did not meet even the minimum set standard, and in the rental housing category the corresponding figure was 25.94%. As per the desirable standard of the government, over 64% of all dwellings was substandard (Misra, 1990).

7. Why Land is so Expensive in Japan

Contrary to the normal belief of many that land is scarce in Japan and the large cities are overcrowded, some facts are interesting to note. First, according to the National Land Agency (1991), more than one tenth of the farmlands of the country are located in the three major metro regions. In 1990, agriculture accounted for 15% of the three metro regions. Between 1975 and 1990, a total of 70,000 ha. of land was converted to residential use in these areas, leaving 590,000 ha. of farmland. Out of this, 61,000 ha. (10.3%) was located in urban promotion districts where planning controls on the change of land use are relatively liberal. According to the 1994 survey data of the Ministry of Construction 65,000 ha. of land (55% farmland) in the the Tokyo metro area alone is available for residential use. This area is equal to the area of the 23 wards of Tokyo.

In addition there are large vacant lots, abandoned factory sites etc. and much of the urban area is underbuilt than as it was initially planned. The floor area ratio permitted and achieved in the 23 ward areas shows a very low ratio of 1: 0.42. The fact that only about 40% of the authorized space in Tokyo is built suggests that the problem is not shortage of land but its appropriate and efficient use. In the same vein we find that the employment density in central Tokyo is less than three quarters that of central New York city, while the night time population density is less than one sixth. In 1989 the ratio between permitted and actually achieved floor area ratios in the three central wards of Tokyo were as follows, Chiyoda-ku - 1:89.04, Chuo-ku - 1:66.30, and Minato-ku - 1: 55.76. The land clearly is underutilized.

Among others, to cite a major reason for this situation is the ineffectiveness of the building lease law which was enacted in 1941 to protect low-income tenants. Presently, in large cities, in some old areas the rent being paid by the tenants is too low while the land value has reached skyhigh. The lease law prevents the owners of the buildings from rebuilding on their sites for more effective and intensive use. This distortion is reflected in the fact that 56% of the households in Tokyo live in rented dwellings covered by the lease law, and as a 1988 survey showed, the tenants who came in 1980 and after pay more than double the rent paid by those tenants who came to the leased dwellings before 1946 (Haley and Yamamura, 1992). Further, instead of low-income families relatively well-off families are getting benefited through the process.

From the above it may be seen that because of under utilization of urbanland, cities under the pressure of growth have expanded horizontally stretching the infrastruture lines widely and thereby increasing the cost of housing, transportation and commutation. Because of this situation a tremendous converging unidirectional work movements is seen in large cities. The difference between the day and night populations in the central areas of the major cities is undesirably very high as is seen from the following data for Tokyo (Sharpe I. J., 1994).

Day and Night Populations in the Three Central Wards, Tokyo

(in 1000 persons)

Year	Day Popn.	Night Popn.
1960	166	55
1965	192	46
1970	209	40
1975	227	36
1980	230	34
1985	252	33

This increase in the daytime population has created a tremendous problem for the city administration in terms of finance, maintenance of facilities and safety.

Obviously, somewhere there is serious mismatch between the demand and supply positions. Because of limited national habitable land the number of inhabitants per unit of arable land was five to thirteen times greater than in the major European economies in 1992 (OECD, 1994). There is an overall pressure on land, but, as discussed above, in large cities where the problem of land is the most acute, land is underdeveloped. By 1990, the three major metropolitan areas, located within 400 kms from each other, accounted for half of Japan's population.

This high concentration of population in a relatively small area pushed up the demand on urban land. We have seen earlier how the demand for residential land has been increasing in the major metro areas. The boom in demand for office and other commercial space peaked during 1984-85, in the midist of the bubble economy. Large cities saw a sharp increase in demand from international concerns trying to expand

business in Japan. Some companies hired residential spaces in prestigious areas, for example in the Roppongi, Aoyama, Azabu areas of Tokyo, at rents much higher than the prevailing rates so that their executives could reside within 10 to 15 minutes from workplace. This sort of demand triggered a shooting up in land values and also initiating similar processes in other major cities fueled by high liquidity of money.

The process of land price spiralling, during the latter half of the 1980s in Japan, was like a snowball effect, high price created greater wealth and security for the land owners, who in turn, could invest more in land purchases which further pushed the land price upwards. In this game, only a few, who are rich and have easy access to investible funds take part while the common man is priced out. These conditions set a new chain of problems in terms of inequity in Japanese society.

The process was so fueled by the bubble economy and the real-estate investment psychology of large business houses so that by 1988 the value of land in Japan was four times higher than its GNP, and had become price of arable land the ninety times higher than in the USA.

The patterns of land ownership and the ways the land is owned by business houses would reflect on the problems related to equity, and also on the factor of supply in the land market. Unfortunately it is most difficult to get time series and reliable data on land ownership by companies in Japan in order to make good analysis of the issue. However, the following would fairly explain the equity issues involved in urban land as mentioned earlier.

By 1989-90 a very sizable proportion of farmlands, both within major metro regions and outside, were owned by business houses not families. In 1988, 1.15 million private companies held 1.87 million ha. of land in Japan according to the National land Agency (1989). Further, it was observed that over 87% of the land held by Japanese companies involved a significant proportion in the major metro cities, which was purchased during 1970-84, the '*Retto-Kaizo-Ron*' boom, the period of the upward valuation of the Yen and high liquidity of money (Matsubara, 1988).

During 1986-87, however, foreseeing that demand would spread outside the metro areas in due course, the companies purchased in bulk land lots of 100 ha. or more outside the metro areas where future growth was most likely, such as in second level cities along major trunk routes. The companies invariably tried to maximize profits from their land not through building on it, but by releasing the lands to the market when the price was higher. For example, 7000 ha. of land was held by the companies since 1974 in the Tokyo metro area, within this 50 to 100% of the lands within a 30 to 60 kms radius of the centre of Tokyo remained undeveloped even by 1980, suggesting that these lands were held for speculative purposes.

Additional information about the equity situation can perhaps be derived from the fact that in March 1983 8.45 million sq. m. of building space for rental was owned by only 12 corporations, of which 55% was owned by just three, namely Mitsubishi Real Estate Co., Mitsui, and Nissey Insurance Co. By 1988, the stock had sharply increased by 21.5% to reach 10.27 million sq.m., again the top five companies gaining the lion share. Both in value and space Mitsubishi real estate has the lion share. Assuming 60% of this stock is for residential use, 6.16 million sq. m. of housing space was owned by only five top

corporations (Ishizawa, 1984). Further, about skewed distribution of ownership of urban land in favour of big corporations more is seen in the data provided in the Government of Japan (1989) Official White Papaer on National Land Use.

Land owned by big corporations and available for sale, 1987

(in 1000 ha.)

	UPA		UCA		Rest city plang. area		Non-city plang.area	
	no.	%	no.	%	no.	%	no.	%
National	20.47	28.7	14.79	20.7	7.27	10.2	28.82	40.4
Three Metro Region s	5.39	30.0	7.75	43.1	1.79	10.0	3.03	16.9
Tokyo M. Region	2.95	33.9	2.97	34.2	1.11	12.8	1.66	19.1
Non-Metro Area	15.05	28.2	6.99	13.1	5.49	10.3	25.83	48.4

(UPA-urbanization promotion area, UCA-urbanization controlling area)

The above discussion reveals that land, especially urban land, ownership of which is a key index of wealth distribution in Japan, is very skewedly distributed in favour of companies, especially a few large corporations, instead of private individual households. Land values continue to be very high relative to the income of the average Japanese household, and there is no prospect of a change in the situation in favour of the common household in near future.

Some housing statistics since 1986-87 show that the number of households owning some land or a condominium in the Tokyo metro region is increasing, though only largely through inheritance. But, careful observation shows that a overwhelming proportion of these families own a piece of land or condominium space of 100 sq.m. or less as revealed by the following data for 1983 and before. This clearly shows that households cannot purchase a larger plot or living space due to high prices. It is reasonable to infer that the situation has not changed for better since 1983, because afterwards the land price further soared hitting the ceiling towards the end of the 1980s.

Now even in Kyoto's outskirts a reasonable condominium space of about 66 sq.m (20 *tsubo*) involving an hour commutation time to work costs 40 to 50 million Yen, seven to eight years the average annual income of a Japanese family. This situation is highly undesirable and especially non-commensurate with the high economic achievements of the country as may be seen from the following data provided by the Tokyo Prefectural Government Planning and Advertising Bureau (1983).

Percentage of Households owning 100sq.m. or less land/space In the Tokyo Prefecture.

	1975	1982	1983
Tokyo central wards	40.2	44.9 (13.9)	44.2 (14.0)
Rest of Pref.	18.4	22.3	22.6

(Figs. in brackets indicate% of those owning less than 50sq.m.)

Despite some decline in the skyhigh large city land prices since 1991, after the bubble economy period, the price of land and housing continues to remain exceptionally high in Japan and beyond the affordability of many families. Japanese since the 1980s have been paying a much higher price for housing relative to their income, it is no wonder therefore, they have much less space for living and their general housing conditions continues to be poor compared with many developed nations. The tax policy and politics have also contributed to this depressing situation. The effective tax rate on land holdings was low for long time, the inheritance tax treated land more favourably than other assests, and the favourable treatment of agricultural land in urban areas discouraged its conversion to residential or commercial use. As mentioned earlier laws protecting tenants also made it difficult to change the pattern of land use.

Since 1991 the land tax structure and related matters have been revised, new laws have been enacted, but, their impact is not yet positively felt by the common Japanese family. Many believe that these reforms are unlikely to be sufficient to achieve the target of lowering the price of a 70sq.m. dwelling to five times the average annual household income.

Several surveys have shown that expectations to own a reasonable house have long been a strong motivation for the Japanese family to save. The late-1980s and the bubble economy shattered the hope of average urban household in large cities to own a reasonable house. Nontheless, Japanese families have toiled hard to save for better housing but with decreasing hope and confidence as each year passed by. By 1989, only 7% of households were saving with the hope of getting a reasonable house. Though, in an effective capital market system, economists say, the decision to purchase a house should not influence the pattern of saving or consumption of an average family. In Japan the situation is otherwise.

The continued high level of land prices may cause rental households to abandon plans to purchase houses and to reduce their saving rate.

Despite the not so better prospects for the average Japanese family now using rental housing in seeing in the near future the ownership of a reasonable house, a sort of egalitarian setup is growing in the housing sector, even though the size and value of the property of an average household may own will be very small. At the aggregate level nearly three fifths of the households own their homes and the proportion would rise to 73% if those who expect to inherit residences are included. It is important to note here that interestingly 30% of the homeowners obtained their homes through bequests and

gifts. The proportion is expected to rise to as high as 80% in the future as a result of demographic changes (Nouguchi and Poterba, 1994).

8. To Conclude

The paper tried to present briefly only some aspects of the change and challenges Japanese cities are facing, and what are the prospects for an the average Japanese family to look for better conditions in near future. The problems and challenges which manifest most in the cities do not necessarily have their roots within the cities. Most economic and social problems are inextricably tied to the overall national situation. There are a large array of problems and the paper touched upon only a few important questions.

How compelling are these issues? Very compelling, when one understands that in this post-industrial stage Japan has two major domestic aims; care for the aged society; and ensuring safe and better living condition for all. These aims, of course, cannot be achieved without economic stability, but, what is needed is the development of clear priorities in looking toward the future. A shift of the psyche from economic-oriented development to welfare-oriented development is a must.

If one looks back the last fifty years of peace after the Second World War, one easily finds that Japan has been the greatest beneficiary among all nations in the world. No worries about national security, no competition from Asian countries, and coupled with hard work and sacrifice of the Japanese have brought Japan to this stage of economic affluence. At the same time, it is disturbing to realize that the living conditions for the average Japanese has not improved the way it should have, that the social fabric has not been geared to effectively face the emergent new problems with confidence. Some things have been lacking, the human costs of economic development are clearly showing. It is time to mend these issues for a positive direction for the future.

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日本の都市に次に起こるのは何か？将来の展望は？ —問題点と可能性

ビジャイ・アナンド・ミスラ

要旨：本論は脱工業化日本の都市に起こったことでありながら、余り知られず討議もされなかった幾つかの問題を取り上げ、その動向と対応に焦点をおき、新たな展望を検討する。

脱工業化した日本にとって最も重要な問題は、市場経済志向の開発を強調することを続けるべきかどうか、それとも福祉志向の開発に切り替えるべきかということである。

新しい都市のライフ・スタイルは個人の自由と安全志向を強調されて来た。同時に都市にみられる社会的かつ心理的な無秩序は、地域社会に暮らし、互いにかかわり合う仕事を通して得る内なる満足感に主として根ざしているのであろう。すべてではないにしろ、この内なる満足感は、有る程度、社会における公平感または不公平感と関連している。